

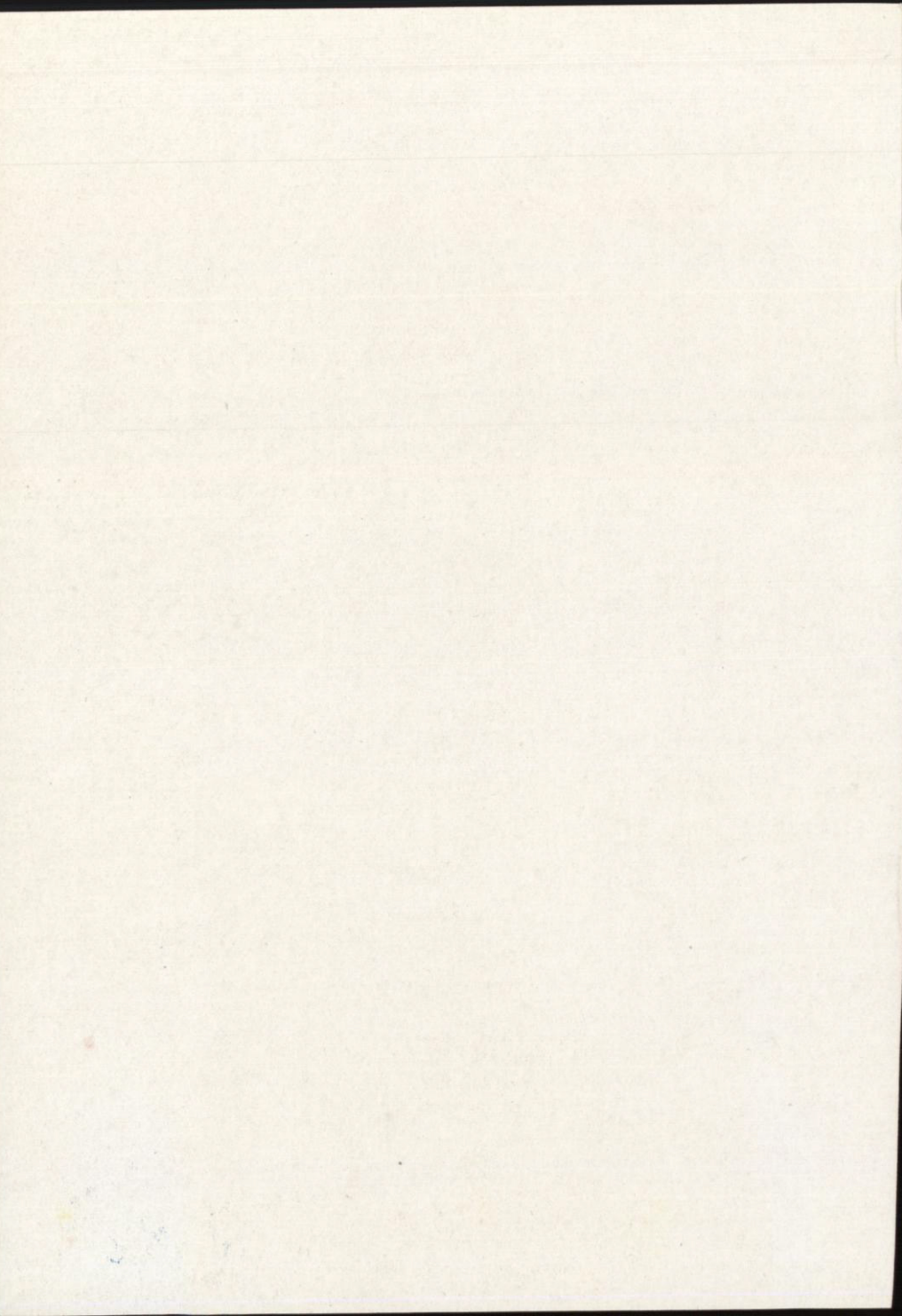


CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION PURE
CORPORATION

JEWEL TEA CO., INC.

Annual Report 1947





32nd Annual Report

JEWEL TEA CO., INC.

Jewel Park, Barrington, Illinois

FOR

53 WEEKS ENDED JANUARY 3, 1948

THE COVER

THE STORY BEHIND A CUP OF JEWEL COFFEE

During the year 1947, our customers drank over one billion, seven hundred million cups of delicious Jewel Coffee. This nationwide acceptance is the result of painstaking effort all along the line—from the careful selection of fine green coffees to the delivery of roaster-fresh coffee to our customers. The highlights of this story are pictured on the covers:

SOUTH AMERICAN COFFEE PLANTATION (*top—front cover*)

The coffees used by Jewel are grown high in the mountainous regions of South and Central America. Coffee is grown at altitudes ranging from fifteen hundred feet to six thousand feet above sea level. Because the soil is richer and the climatic conditions more suitable, coffee berries grown in higher altitudes are of better flavor and quality than coffees produced at lower altitudes. After the ripe berries are picked, the thin layer of fruit pulp resembling a cherry is removed, leaving the coffee beans to be cleaned, dried and bagged ready for shipment.

(Continued on page 19)

JEWEL TEA CO., INC.

BOARD OF DIRECTORS

HENRY S. BOWERS	A. VERNON JANNOTTA	E. H. McDERMOTT
J. M. FRIEDLANDER	M. H. KARKER	C. B. THOMPSON
JOHN M. HANCOCK	F. J. LUNDING	ROBERT R. UPDEGRAFF

OFFICERS

M. H. KARKER	Chairman of the Board of Directors
JOHN M. HANCOCK	Chairman of the Executive Committee
F. J. LUNDING	President
J. M. FRIEDLANDER	Vice President and Treasurer
G. L. CLEMENTS	Vice President and General Manager—Stores
W. A. GERBOSI	Vice President and General Manager—Routes
H. W. DOTTS	Vice President and Sales Manager—Routes
C. A. LARSON	Vice President and Merchandising Manager—Routes
M. S. MORSE	Vice President and Operations Manager—Stores
J. M. O'CONNOR	Vice President—Imports
E. E. HARGRAVE	Secretary
P. F. SEIGER	Controller
H. G. HOMUTH	Assistant Treasurer
R. D. STURTEVANT	Assistant Secretary and General Counsel
R. W. WILLIAMSON	Assistant Secretary

OTHER CORPORATE DATA

Transfer Agent

Manufacturers Trust Company, 55 Broad Street, New York 15, New York

Registrar

*The Commercial National Bank and Trust Company of New York
46 Wall Street, New York 15, New York*

Auditors

*Touche, Niven, Bailey & Smart
208 South La Salle Street, Chicago 4, Illinois*

Stockholders' Annual Meeting—Last Tuesday in March

PRESIDENT'S MESSAGE

February 10, 1948

TO OUR STOCKHOLDERS AND EMPLOYEES:

TWO milestones in company history were reached this year—twenty years of uninterrupted dividend payments on common stock were completed, and annual sales for the first time exceeded one hundred million dollars (\$131,204,300 in 1947 compared to \$88,924,667 in 1946).^{*} Approximately half of this increase in sales was the direct result of higher costs of merchandise and raw materials which forced higher retail prices. The remainder came from increased tonnage of merchandise purchased by our customers.

EARNINGS

Net earnings, as reported in detail on page 12, reflect a successful year and amounted to \$3,381,040 against \$2,839,784 during 1946. On the other hand, earnings per dollar of sales were 2.6¢ compared to 3.2¢ for the previous year. Lower retail prices in relation to merchandise costs, to assure continuing attractive retail prices, and a high sales volume,

were the principal factors accounting for this lower profit ratio to sales. Distribution of the average 1947 sales dollar is shown in the chart appearing on page 7.

DIVIDENDS

Net earnings, after preferred dividend requirements, were \$5.58 per common share compared with the previous year's earnings of \$4.72 per share. Based on this year's earnings, four regular dividends of 60¢ per share, and a year-end special of a like amount, a total of \$3.00, were paid to common stockholders. The previous year's payments totalled \$2.75 per share.

WORKING CAPITAL

Total common and preferred dividends for the year amounted to \$1,943,260 compared to \$1,735,451 the preceding year. Earnings reinvested in the business totalled \$1,437,780. The portion of retained earnings reflected in current assets together with

^{*}Jewel usually operates on a 52 week fiscal year made up of 13 periods of 4 weeks each. Every five or six years an extra week must be added—similar to the extra day in Leap Year. 1947 was such a year so this report reflects operations for the 53 weeks ended January 3, 1948.

\$2,542,934 of additional capital secured through the sale of 75,000 shares of the new 3¾% preferred stock on June 13, 1947, which replaced the then outstanding 46,000 shares of a 4¼% preferred issue, strengthened the company's working capital position.

TAXES

Total direct taxes to all government agencies amounted to \$4,612,106, equal to \$8.24 per share of common stock. Federal income and excess profits tax returns and claims for relief are described on page 15 of this report.

Highlights of 1947 as compared with 1946 are shown below:

	1947	1946
Retail sales	\$130,477,490	\$88,237,518
Earnings:		
Before all taxes	8,340,720	6,745,640
After all taxes	3,381,040	2,839,784
Percent to <i>total</i> sales	2.6%	3.2%
Per share of preferred stock*	\$ 45.08	\$ 61.73
Per share of common stock	5.58	4.72
Number of employees	5,381	4,666
Number of stockholders	6,346	6,279
Operating units:		
Home service routes	1,821	1,654
Retail food stores	149	150
Working capital:		
Net dollars	\$ 12,293,993	\$10,584,128
Ratio - current assets to current liabilities	2.5 to 1	2.5 to 1

*Based on 75,000 shares in 1947 - 46,000 shares in 1946.

EXPENSES

Total dollars of expense were higher in 1947 due principally to increases in wages, tonnage handled, and the higher cost of services such as rents and transportation. However, expenses not reflected in cost of sales took a smaller portion of the sales dollar, offsetting in part the reduced per-

centage of markup between cost of goods and retail prices.

Fixed salaries and wages were adjusted upward to keep pace with living costs and the payments to employees whose compensation was measured by sales or profit-sharing arrangements. Payments of \$20,301,740 in 1947 to or for the benefit of all employees were

31% above 1946. The number of employees increased 15%.

Depreciation charges during the year were higher, \$604,104 against \$287,468 last year, not only because of the replacement of fully depreciated capital assets but also because new assets were purchased at current high price levels. The increase in depreciation expense also reflects expansion and modernization of facilities.

INVENTORIES

Because of higher prices and greater tonnage, investment in inventories of \$10,837,545 held at a high level but was less than at the previous year end. In terms of weeks' supply, inventories are at the lowest point in recent years and are being restricted to meet current customer purchases.

There is full realization on the part of your management that inventory write-downs cannot be avoided should price levels turn downward, because inventories for customer service must be maintained under all conditions, certain or uncertain. It is the policy of the company to strive for maximum turnover to minimize inventory risks.

No addition or charge was made to the existing reserve of \$750,000 set aside in prior years

for contingencies and inventory valuation.

NEW DEVELOPMENTS

In February, 1947, a Budget Plan was introduced whereby selected customers on our home service routes might purchase certain general merchandise on a short term installment basis. This plan covers merchandise in a higher price range than heretofore offered to these customers, and has contributed substantially to that department's sales increase. Credit experience to date has been favorable.

A number of new products have been developed and added to our merchandise lines during the past year. Your company is now manufacturing and distributing on its home service routes, prepared mixes for making hot rolls and coffee cake. It is manufacturing and distributing packaged, ready-to-serve salads through its retail food stores. These are examples of a continuing program to improve and add to existing goods and services.

EXPANSION

During the year, 167 new home service routes were added. These new routes are located in established territory and are serviced by our existing branches.

Due to building conditions, retail food store expansion has been limited primarily to modernization, enlargement and relocation of existing units, wherever circumstances warranted the additional investment.

As a matter of policy every effort is being made, consistent with the growth of the company and the maintenance of its competitive position, to minimize the use of working capital for the purchase of land and the construction of buildings.

Net additions to capital assets during the year totalled \$1,850,717 and are summarized on page 15 of this report.

OUTLOOK

This report would be more dramatic if it were possible to present the result as clearly in terms of people as it is in terms of figures. Continued enthusiastic teamwork will be needed to meet the growing pressures of competition, and only an experienced, hard-work-

ing, alert organization will be capable of meeting the challenges of 1948. Based on the past performance of Jewel people, there is reason to have confidence in the future of the company.

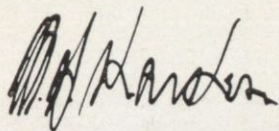
Prices will continue to be a major uncertainty in 1948, with the outcome depending in part on crops at home and in Europe, the pattern of wage and other costs, government action on taxes, the Marshall Plan, and other political and economic developments here and abroad.

APPRECIATION

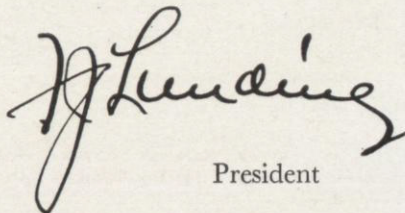
We wish to express to our employees our appreciation of their loyalty and effort during the past year. Their knowledge of the business, their interest, and their energy give us confidence that we can meet whatever problems 1948 may bring.

We are grateful to our stockholders for their interest in the company and their support of its policies.

For the Board of Directors:

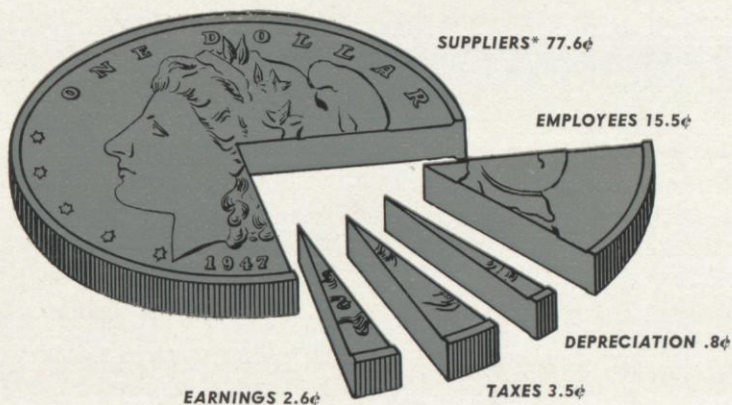


Chairman



President

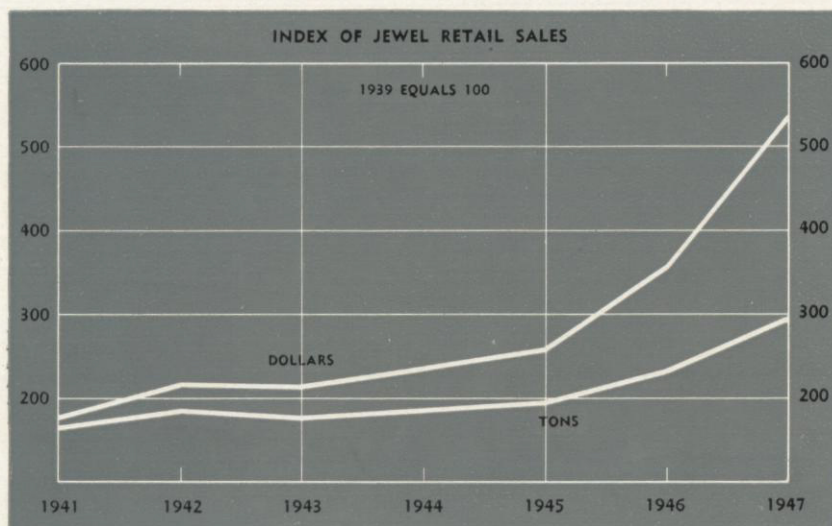
Distribution of the Jewel 1947 Sales Dollar



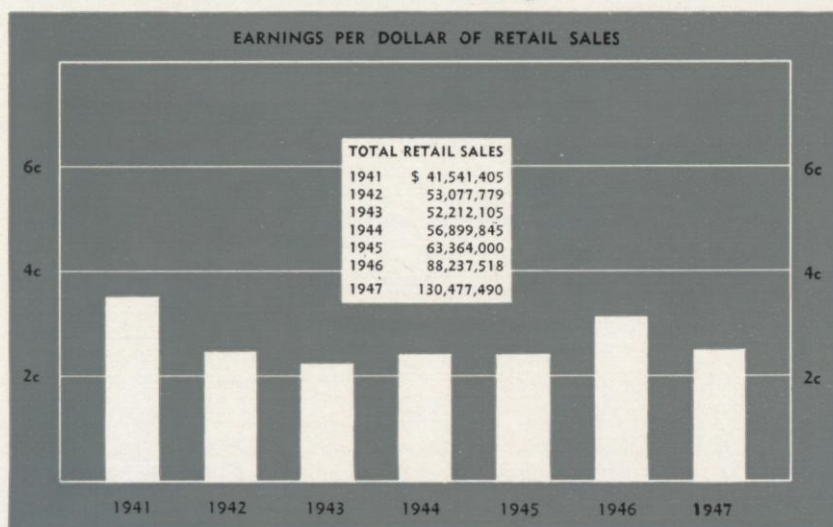
AND COMPARISONS WITH 1946 AND 1941

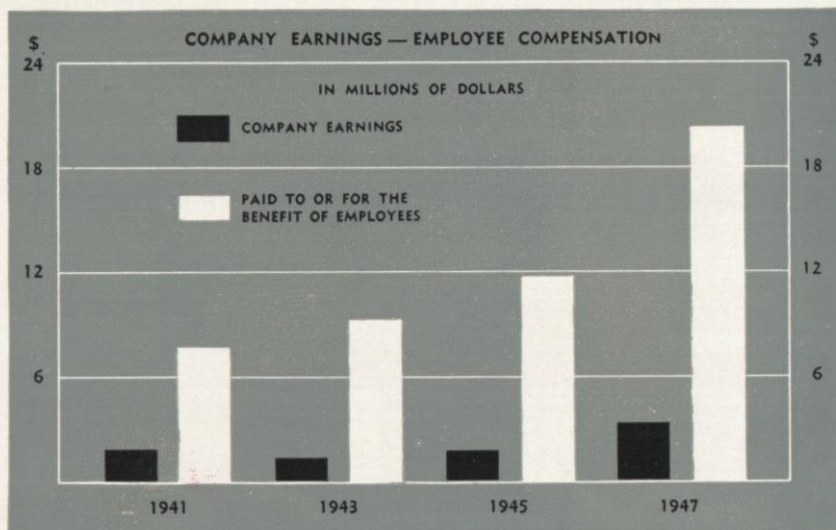
	1947	1946	1941
TOTAL SALES AND REVENUES (Millions of Dollars)	<u>\$131</u>	<u>\$ 89</u>	<u>\$ 42</u>
DISTRIBUTION (Per \$1 of Sales)			
Suppliers*, etc.	77.6¢	74.5¢	71.5¢
Employees, including social security taxes . .	15.5	17.4	18.1
Depreciation, maintenance and repairs8	.8	1.6
Federal, state and local taxes	3.5	4.1	5.2
Earnings	2.6	3.2	3.6
	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>

*Includes products, materials, services, rents, doubtful accounts, and in 1946 and 1941 additions to reserve for contingencies and inventory valuation of \$100,000 and \$115,000 respectively.

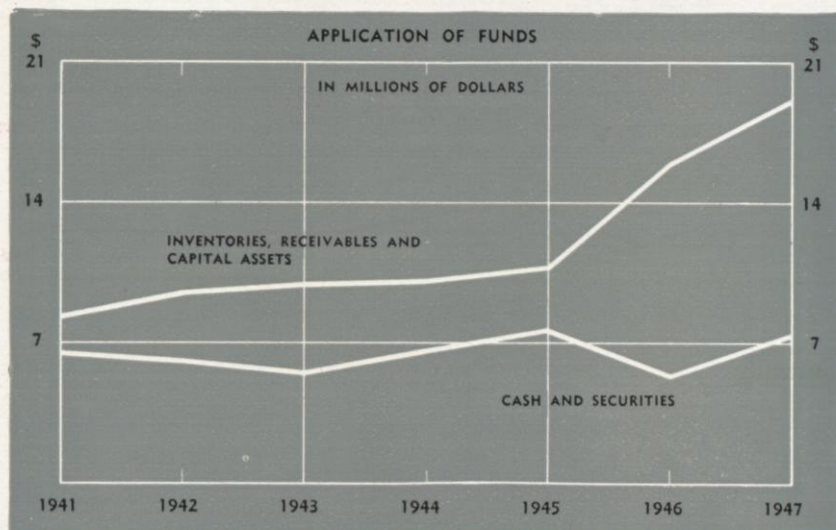


A Graphic Picture of





Jewel's *Important Trends*





PART OF THE DISTRIBUTION FLEET



CHECKING COUNTER IN A JEWEL FOOD STORE



LABORATORY CONTROL ASSURES QUALITY



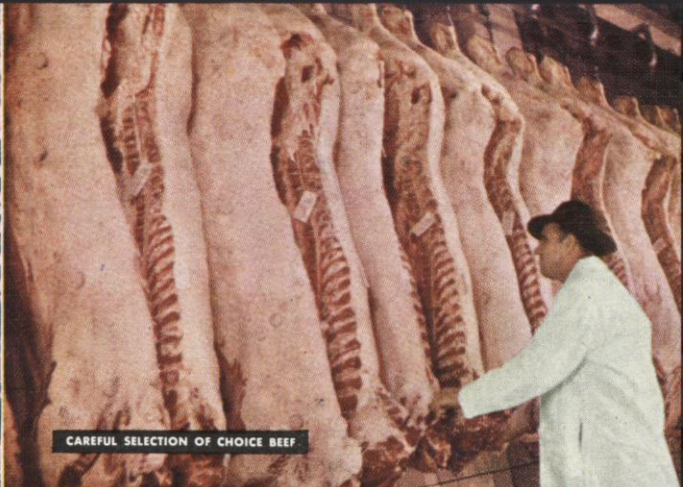
FRIENDLY JEWEL PEOPLE



JEWEL'S GREEN COFFEE WAREHOUSE



CONVENIENT JEWEL HOME SERVICE



JEWEL TEA CO., INC.

INCOME ACCOUNT

	53 Weeks Ended Jan. 3, 1948	52 Weeks Ended Dec. 28, 1946
Sales and Revenues:		
Retail sales	\$130,477,490	\$88,237,518
Wholesale and other sales.....	421,162	522,922
Interest and miscellaneous income.....	305,648	164,227
Total sales and revenues.....	131,204,300	88,924,667
Costs of Doing Business:		
Paid to or for the benefit of employees:		
Wages, salaries and bonuses.....	19,193,080	14,593,687
Social security taxes.....	347,574	261,474
Contribution to Jewel Retirement Estates.....	761,086	600,144
Total	20,301,740	15,455,305
Products, materials, services and rents.....	101,519,930	65,940,492
Depreciation	604,104	287,468
Maintenance and repairs.....	467,722	440,779
Doubtful accounts charged to operations.....	317,658	216,457
Set aside for contingencies and inventory valuation	—	100,000
Estimated federal taxes on income.....	1,977,599	1,760,779
State, local and all other federal taxes.....	2,634,507	1,883,603
Total costs of doing business	127,823,260	86,084,883
Earnings	3,381,040	2,839,784
Percent of earnings to sales and revenues.....	2.6%	3.2%
Dividends to Owners of the Business:		
Preferred shareholders—3¾% stock.....	178,123	—
Preferred shareholders—4¼% stock.....	87,971	199,354
Common shareholders	1,677,166	1,536,097
Total dividends	1,943,260	1,735,451
Balance Transferred to Accumulated Earnings.....	\$ 1,437,780	\$ 1,104,333

The notes which follow on pages 14 to 16 give

JEWEL TEA CO., INC.

BALANCE SHEET

	ASSETS		Jan. 3, 1948	Dec. 28, 1946
Current Assets:				
Cash		\$	3,912,269	\$ 3,214,430
Marketable securities			3,227,211	2,084,915
Accounts receivable			2,250,475	942,641
Inventories			10,837,545	11,196,880
			<u>20,227,500</u>	<u>17,438,866</u>
Other Assets:				
Deposits, contracts, etc.....			22,910	49,455
Claims for refund of excess profits taxes.....			281,600	281,600
			<u>304,510</u>	<u>331,055</u>
Deferred Charges:				
Premiums advanced to customers.....			1,230,147	922,322
Unexpired insurance, expense supplies, etc.....			480,996	317,983
			<u>1,711,143</u>	<u>1,240,305</u>
Capital Assets:				
Land, buildings, machinery, furniture, fixtures, automobiles and other equipment.....			6,009,800	3,965,473
Goodwill			<u>1</u>	<u>1</u>
			<u>\$28,252,954</u>	<u>\$22,975,700</u>
	LIABILITIES			
Current Liabilities:				
Accounts payable		\$	3,583,299	\$ 3,336,269
Preferred dividends payable			70,312	48,875
Federal, state and local taxes accrued.....			2,648,492	2,288,984
Accrued wages, salaries, bonuses, etc.....			1,631,404	1,180,610
			<u>7,933,507</u>	<u>6,854,738</u>
Reserves:				
Contingencies and inventory valuation.....			750,000	750,000
Automobile accident and other self-insured losses..			250,000	250,000
			<u>1,000,000</u>	<u>1,000,000</u>
Capital Stock and Accumulated Earnings:				
Preferred stock—3¾% (Issued June 13, 1947)....			7,500,000	—
Preferred stock—4¼% (Retired June 13, 1947)...			—	5,000,000
Common stock			5,963,684	5,770,073
Accumulated earnings			5,883,706	4,815,732
			<u>19,347,390</u>	<u>15,585,805</u>
Less stock in treasury			27,943	464,843
			<u>19,319,447</u>	<u>15,120,962</u>
			<u>\$28,252,954</u>	<u>\$22,975,700</u>

additional information about the financial statements.

JEWEL TEA CO., INC.

ACCUMULATED EARNINGS

(Formerly designated as Earned Surplus)

Balance, December 28, 1946.....	\$ 4,815,732
Add:	
Earnings from income account, less dividends.....	1,437,780
Adjustments on sale of common treasury stock	9,310
Deduct:	
Adjustments in connection with refinancing.....	6,262,822
Adjustments in connection with refinancing.....	379,116
Balance, January 3, 1948.....	<u>\$ 5,883,706</u>

The notes below and on pages 15 and 16 give additional information about the financial statements.

INFORMATION ABOUT THE FINANCIAL STATEMENTS

MARKETABLE SECURITIES

	Jan. 3, 1948	Dec. 28, 1946
U. S. Government obligations.....	\$ 3,201,779	\$ 1,952,136
State and municipal obligations.....	—	102,639
Railroad bonds	25,432	30,140
Total—valued individually at the lower of cost or market, plus interest	<u>\$ 3,227,211</u>	<u>\$ 2,084,915</u>
Total—valued at market, plus interest.....	<u>\$ 3,227,211</u>	<u>\$ 2,097,829</u>

ACCOUNTS RECEIVABLE

In February, 1947, the company introduced a Budget Plan of merchandising under which selected route customers may purchase certain merchandise on a deferred payment basis. Under the Plan, route customers may purchase items having a retail value up to about \$35. Minimum down payment is 10%

of selling price or \$2, whichever is larger, the remainder being payable bi-weekly at the minimum rate of 10% of the current balance or \$2, whichever is larger. Income from such sales is recorded at the time of sale. This method of merchandising has contributed substantially to the increase in accounts receivable since December 28, 1946.

RESERVES FOR DOUBTFUL ACCOUNTS

Items on the balance sheet have been decreased by these reserves:

Accounts receivable	\$ 95,908	\$ 46,991
Deposits, contracts, etc.....	—	10,000
Premiums advanced to customers.....	54,312	59,232

INVENTORIES

Raw materials	\$ 1,829,104	\$ 2,566,537
Finished merchandise	9,008,441	8,630,343
Total	<u>\$10,837,545</u>	<u>\$11,196,880</u>

INFORMATION ABOUT THE FINANCIAL STATEMENTS

Consistent with the practice of previous years, inventories were valued at the lower of cost or market. Cost was determined by the general principle of

"first-in, first-out," except that for green coffees and unpackaged teas, cost was determined by actual lots.

CLAIMS FOR REFUND OF EXCESS PROFITS TAXES

The Internal Revenue Code provides in section 710 that unused excess profits tax credit in any year may be carried back to the prior two years in order to recover excess profits taxes paid for those years. There was sufficient unused excess profits tax credit for 1943 to establish claims for refund of excess profits taxes estimated to be \$281,600. This is made up of \$230,320, representing refund of all excess profits tax for 1941, and of \$51,280, which is 37.5% of excess profits tax for 1942. These figures are stated after providing for appropriate increase in the normal tax and surtax for those two years due to reduction of excess profits taxes. These

claims and returns for the years 1941, 1942 and 1943 have been reviewed by agents of the Bureau of Internal Revenue and have been partially agreed to by them. Negotiations are in process on the balance.

Claims for relief from excess profits taxes by adjustment of base period earnings have been filed for the years 1940, 1941, 1942, 1944 and 1945 in accordance with section 722 of the Internal Revenue Code. Possible recoveries from these claims are not reflected in the financial statements. These claims are now being reviewed by a field agent of the Bureau of Internal Revenue.

PREMIUMS ADVANCED TO CUSTOMERS

In the Routes Department, customers are given the opportunity to receive as premiums, items of household equipment and furnishings. The premiums are paid for by credits subsequently allowed on grocery items and household

supplies purchased for cash. The balance sheet amount reflects the cost of premiums advanced but not yet paid for by credits, less a reserve for doubtful accounts.

CAPITAL ASSETS

	Jan. 3, 1948	Dec. 28, 1946
Land	\$ 705,181	\$ 609,632
Buildings	3,052,291	2,609,394
Machinery, furniture and fixtures, at plants.....	1,150,995	959,422
Automobiles and other branch and store equipment..	5,049,985	3,462,356
Total assets—Jan. 3, 1948 at cost.....	9,958,452	7,640,804
Reserve for depreciation:		
Buildings	1,214,952	961,349
Machinery, furniture and fixtures, at plants.....	682,528	561,877
Automobiles and other branch and store equipment	2,051,172	2,152,105
Total reserve	3,948,652	3,675,331
Book value of capital assets.....	\$ 6,009,800	\$ 3,965,473

INFORMATION ABOUT THE FINANCIAL STATEMENTS

Assets remaining on hand at January 3, 1948, which were reduced in value as a result of an appraisal made as of December 31, 1932, were restored to their original cost less depreciation, on January 3, 1948. This restoration

amounted to \$193,610, and was credited to the common stock account. In years subsequent to 1947, depreciation will be based on original cost thereby initially increasing annual depreciation by approximately \$6,000.

PREFERRED STOCK

Preferred stock is 3¾% cumulative \$100 par value, and 75,000 shares have been authorized and issued. This preferred was sold on June 13, 1947, for \$103 per share and the proceeds, after expenses, were used in part to retire all of the 46,000 outstanding shares of 4¼% preferred, the balance being added to working capital.

The new preferred may be redeemed in whole or in part on 30 days notice at \$106.50 per share until June 30, 1950 and thereafter at a 50¢ per share reduction in price each July 1, until July 1, 1956, on and after which the

price is \$103 per share, in each case plus accrued dividends.

The company must acquire on or before each June 30, commencing in 1950, at least 1,500 shares in connection with sinking fund requirements of the issue. Sinking fund redemption price is \$104.75 per share to June 30, 1950, and decreases 25¢ per share per annum to \$103 per share after June 30, 1956, in each case plus accrued dividends.

These shares are entitled to regular redemption prices at voluntary liquidation and \$100 per share at involuntary liquidation, plus accrued dividends.

COMMON STOCK—STOCK IN TREASURY

Common stock of no par value consists of 900,000 authorized shares, 300,000 of which were authorized in 1947. There are 560,000 shares issued, including 754 shares in the treasury

(valued at acquisition cost) all but 5 shares having been subscribed for by employees at January 3, 1948. Increase in the Common Stock account is explained under Capital Assets above.

ACCUMULATED EARNINGS

Includes \$48,156 arising from sale and distribution of common stock to employees from January 4, 1942, to January 3, 1948. Under the terms of the preferred stock provisions of the certificate of incorporation \$3,413,066 is available for cash dividends on common stock.

The adjustments in connection with refinancing include charges of \$367,050 for premium paid on redemption of the 4¼% preferred stock and \$68,316 representing refinancing expenses, and a credit of \$56,250 for net premium received on the 3¾% preferred stock issued in 1947.

CONTINGENT LIABILITY—JEWEL EMPLOYEES' SURETY DEPOSITS

Certain employees of the company make cash deposits as security for their handling of company property. These surety deposits are kept in a separate employees' trust fund, of which the company is trustee. Principal, and interest at the rate of 2% per annum, are guaranteed by the company. The assets of the employees' trust fund on

January 3, 1948, consisted of investments (valued at lower of cost or market) and cash totalling \$240,334 which covered in full the liability for employees' surety deposits. Neither the assets nor liabilities of the employees' trust fund are included in the company's balance sheet.

TOUCHE, NIVEN, BAILEY & SMART

FOREIGN CORRESPONDENTS

CANADA
CUBA
ENGLAND
FRANCE

CERTIFIED PUBLIC ACCOUNTANTS

208 SOUTH LASALLE STREET

CHICAGO 4, ILL

NEW YORK
CHICAGO
DETROIT
ST. LOUIS
MINNEAPOLIS
CLEVELAND
PITTSBURGH
DAYTON
LOS ANGELES
SEATTLE

February 6, 1948

TO THE BOARD OF DIRECTORS,

JEWEL TEA CO., INC.:

We have examined the balance sheet of Jewel Tea Co., Inc., as of January 3, 1948, and the statements of income and accumulated earnings for the fifty-three weeks then ended, have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of income and accumulated earnings present fairly the position of Jewel Tea Co., Inc., at January 3, 1948, and the results of its operations for the fifty-three weeks, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Niven Bailey & Smart

JEWEL TEA CO., INC.

Office of the President
135 South La Salle Street, Chicago 3, Illinois

FINANCE DEPARTMENT

Offices of the Vice President-Treasurer, Secretary, Controller and General Counsel
Jewel Park, Barrington, Illinois

ROUTES DEPARTMENT

General Office and Principal Manufacturing Plant *Jewel Park, Barrington, Ill.*
Coffee Importing and Buying Office *New York City*
West Coast Plant *Los Angeles, California*
Branches *78 Branches Listed Below Serve 1,821 Routes in 43 States*

Akron, Ohio	Ft. Wayne, Ind.	Oshkosh, Wis.
Alhambra, Calif.	Ft. Worth, Texas	Peoria, Ill.
Allentown, Pa.	Fresno, Calif.	Pittsburg, Kans.
Altoona, Pa.	Glendale, Calif.	Pittsburgh, Pa.
Amarillo, Texas	Grand Rapids, Mich.	Richmond, Va.
Atlanta, Ga.	Greensboro, N. C.	Roanoke, Va.
Baltimore, Md.	Harrisburg, Pa.	Rochester, N. Y.
Barrington, Ill.	Houston, Texas	Sacramento, Calif.
Binghamton, N. Y.	Huntington, W. Va.	St. Joseph, Mo.
Birmingham, Ala.	Indianapolis, Ind.	St. Louis, Mo.
Buffalo, N. Y.	Jacksonville, Fla.	Salt Lake City, Utah
Camden, N. J.	Johnstown, Pa.	San Antonio, Texas
Charlotte, N. C.	Kansas City, Mo.	Schenectady, N. Y.
Cincinnati, Ohio	Knoxville, Tenn.	Scranton, Pa.
Clinton, Iowa	La Crosse, Wis.	Sioux City, Iowa
Columbus, Ohio	Long Beach, Calif.	South Bend, Ind.
Dallas, Texas	Los Angeles, Calif.	Springfield, Ill.
Dayton, Ohio	Louisville, Ky.	Syracuse, N. Y.
Denver, Colo.	Memphis, Tenn.	Terre Haute, Ind.
Des Moines, Iowa	Milwaukee, Wis.	Toledo, Ohio
Detroit, Mich.	Moorhead, Minn.	Tulsa, Okla.
Duluth, Minn.	Muncie, Ind.	Washington, D. C.
Erie, Pa.	Nashville, Tenn.	Waterloo, Iowa
Escanaba, Mich.	Oakland, Calif.	Wheeling, W. Va.
Evansville, Ind.	Oklahoma City, Okla.	Wichita, Kans.
Flint, Mich.	Omaha, Nebr.	Youngstown, Ohio.

STORES DEPARTMENT

General Offices 3617 South Ashland Avenue, Chicago 9, Illinois
Warehouses { 3617 South Ashland Avenue, Chicago 9, Illinois
 { 5000 South Kedzie Avenue, Chicago 32, Illinois
Stores { 95 Retail Outlets in Chicago, Illinois
 { 54 Retail Outlets in Suburbs of Chicago, Ill.

THE STORY BEHIND A CUP OF JEWEL COFFEE

(Continued from title page)

JEWEL COFFEE BUYERS "CUPPING" SAMPLES *(bottom—front cover)*

Only such green coffees as meet Jewel's high quality standards are purchased. Advance samples of the green coffees are shipped by fast steamer or plane from the producing countries to our New York Importing Office, where our coffee experts roast, grind, and cup-test them for flavor. This is a highly specialized process by which blending and flavor qualities of coffee beans are determined. Samples are also taken from shipments when they reach our seaports and those samples are inspected and cup tested. The process is again repeated when the coffees reach our plants to make sure that they were not in any way damaged while enroute from the steamship docks to our roasting plants.

COFFEE ROASTING PLANT AT BARRINGTON, ILL. *(top—back cover)*

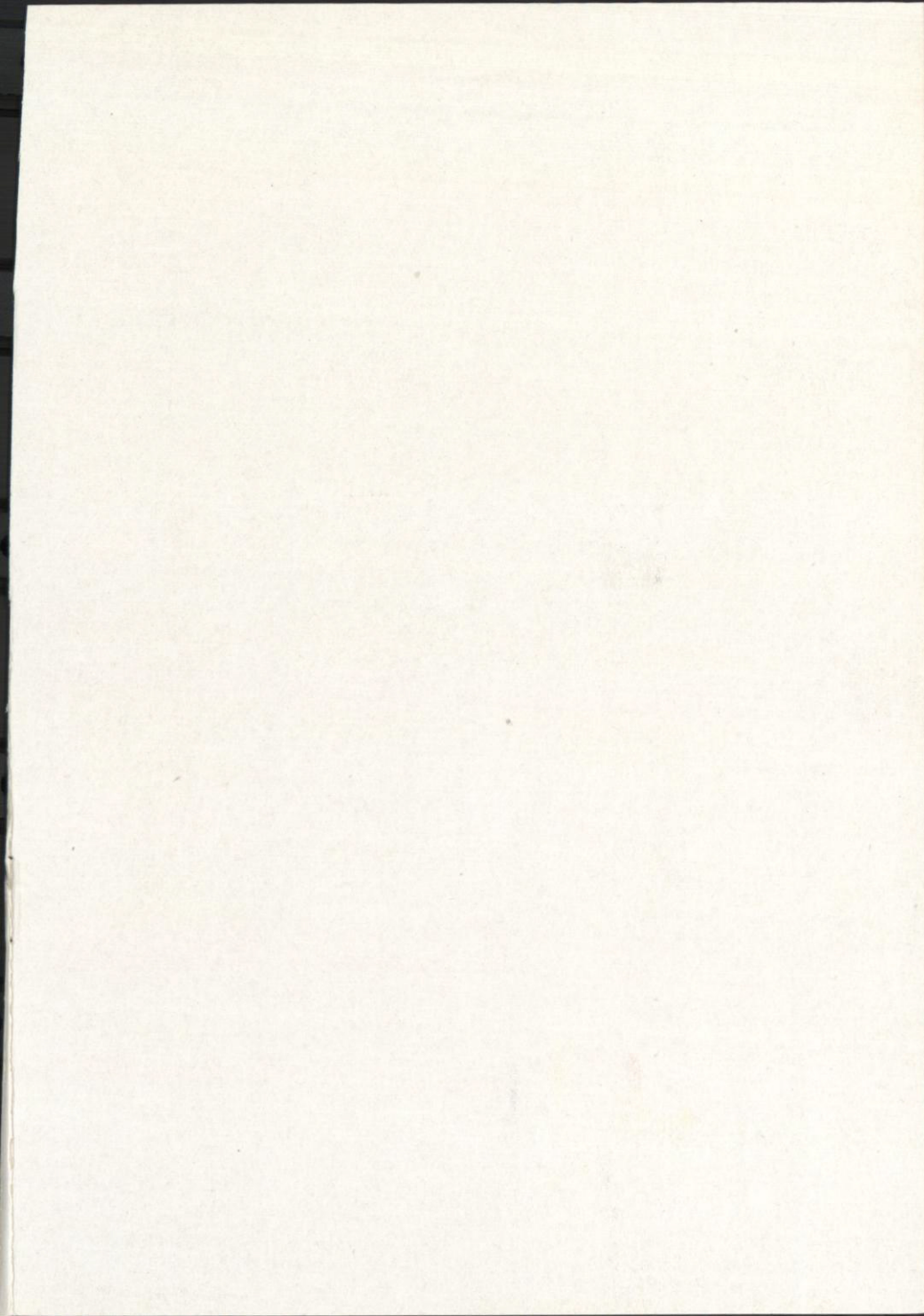
In our coffee roasting plants at Barrington and Los Angeles, the green coffee beans, untouched by human hands, are blended, roasted, and packaged with modern equipment. All Jewel coffees are blended and roasted so that the flavor meets the high Jewel standards. Each of the twelve gas-flame roasters shown on the back cover roasts 450 pounds of coffee every 23 minutes.

MODERN RETAIL OUTLETS *(bottom—back cover)*

Packaged coffee is shipped directly from roasting plants to our Food Stores and Home Service Distribution Points. Coffee is never roasted and packaged for storage—all plant operations are scheduled to cover orders as received from our retail outlets. By this system, Jewel Coffee reaches the customer roaster-fresh. Clean, white Jewel Food Stores make Jewel Coffee available to Chicagoland customers, while Friendly Home Service Jewel Salesmen deliver coffee to the homes of our customers in 43 states.

These are just the highlights of the work and planning behind "a cup of Jewel Coffee." Jewel is proud of the part it plays in bringing the enjoyment of "a good cup of coffee" to the American people.

Notice of Annual Meeting of
Stockholders, Proxy, and Proxy
Statement will be mailed on or
about March 2, 1948 to com-
mon stockholders of record at the
close of business on February 24,
1948.





JEWEL TEA CO., INC.

Annual Report 1947

